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Message Text

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PAGE 01 QUITO 06401 072210Z

17L
ACTION L-03

INFO OCT-01 ARA-06 ISO-00 SS-15 EB-07 NSC-05 SP-02 INR-07

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R 072147Z SEP 76
FM AMEMBASSY QUITO
TO SECSTATE WASHDC 1442
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 6401

E.O. 11652: GDS
TAGS: ENRG PFOR EC
SUBJ: GOE ANNOUNCES IT HAS GIVEN 30-DAY NOTIFICATION TO GULF TO PAY DELINQUENT DEPOSITS OR BE CADUCED

REFS: (A) STATE 219401; (B) QUITO 6362

1. BEGIN UNCLASSIFIED. MINISTER OF NATURAL RESOURCES, COL. RENE VARGAS, ON SEPTEMBER 6 ISSUED A PRESS RELEASE ANNOUNCING THAT ON AUGUST 31 HE HAD SERVED NOTIFICATION TO THE DIRECTOR OF THE ECUADOREAN GULF OIL COMPANY THAT IF GULF DOES NOT PAY ITS DELINQUENT DEPOSITS WITHIN 30 DAYS OF THAT DATE ALL GULF PROPERTIES IN ECUADOR WILL BE CADUCED UNDER THE PROVISIONS OF ARTICLE 74 OF THE LAW OF HYDROCARBONS. THE FULL TEXT OF THE MINISTER'S ANNOUNCEMENT FOLLOWS, IN UNOFFICIAL TRANSLATION BY THE EMBASSY. THE ANNOUNCEMENT WAS REPORTED ON ECUADOREAN TELEVISION NEWSCASTS THE EVENING OF SEPTEMBER 6, AND WAS GIVEN FRONT-PAGE TREATMENT IN ALL LEADING ECUADOREAN NEWSPAPERS SEPTEMBER 7.

2." THE MINISTER OF NATURAL RESOURCES AND ENERGY, COLONEL RENE VARGAS PAZZOS, REPORTED THAT ON AUGUST 31, 1976, HE SENT TO THE MANAGER OF ECUADORIAN GULF OIL COMPANY A NOTIFICATION FIXING A PERIOD OF THIRTY DAYS FOR DEPOSITING THE AMOUNTS COVERING PETROLEUM EXPORTS MADE SINCE FEBRUARY 1976, WHICH SHOULD HAVE BEEN DEPOSITED AT THE PROPER TIME, I.E., WITHIN A PERIOD OF 120 DAYS FROM THE DATES OF EXPORTS, AS PRESCRIBED
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BY RESOLUTION 814 OF THE MONETARY BOARD.

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3. "THIS MEASURE WAS ADOPTED BY THE MINISTER OF NATURAL RESOURCES AND ENERGY IN COMPLIANCE WITH ARTICLE 74 OF THE HYDROCARBONS LOW. ACCORDING TO THIS ARTICLE, THE MINISTRY OF NATURAL RESOURCES WILL, BEFORE A DECLARATION OF CADUCITY OF A CONTRACT, SERVE NOTICE ON THE CONTRACTOR AND FIX A PERIOD OF NOTE LESS THAN 30 NOR MORE THAN 60 DAYS FROM THE DATE OF SUCH NOTICE FOR THE DISCHARGING OF THE DUE OBLIGATIONS OR FOR DEMONSTRATING THAT THE OBLIGATIONS DO NOT EXIST.

4. " A DECLARATION OF CADUCITY OF A CONTRACT IMPLIES AN IMMEDIATE SURRENDER TO THE GOVERNMENT OF THE AREAS COVERED BY THE CONTRACT AND DELIVERY OF THE EQUIPMENT, MACHINERY AND OTHER IMPLEMENTS FOR EXPLORATION OR PRODUCTION, AND ALL INDUSTRIAL INSTALLATIONS AND TRANSPORTATION FACILITIES, WITHOUT COST TO CEPE AND, IN ADDITION, THE AUTOMATIC LOSS OF THE BONDS AND GUARANTEES ESTABLISHED UNDER THE LAW AND THE CONTRACT, WHICH REMAIN IN FAVOR OF THE GOVERNMENT.

5. THE PRESS REPORTS ALSO SAID IT HAS BEEN LEARNED FROM UNOFFICIAL SOURCES THAT THE AMOUNT OF GULF'S DELINQUENT DEPOSITS CURRENTLY STANDS AT US$13,843,620, DUE ON SHIPMENTS TOTALLING 1,150,934 BARRELS EXPORTED ON FEBRUARY 22, MARCH 4, MARCH 5 AND MARCH 16 OF THIS YEAR.

6. NO EDITORIAL COMMENT HAS APPEARED AS YET. END UNCLASSIFIED.

7. BEGIN CONFIDENTIAL. EMBASSY SOURCES AT GULF INFORMED EMBOFF TODAY THAT GULF MANAGER JACK O'BRIEN WILL HOLD A PRESS CONFERENCE AT 6:30 P.M. TODAY (SEPTEMBER 7).

8. EMBASSY COMMENT: THE ANNOUNCEMENT OMITS MENTIONOF GULF'S OFFER SUBMITTED AUGUST 31 TO SELL OUT ITS HOLDINGS TO THE GOE, AND THE ANNOUNCEMENT ASSERTS THE GOE'S NOTIFICATION TO GULF WAS SENT ON AUGUST 31; OUR UNDERSTANDING IS THAT THE GOE NOTIFICATION WAS SENT ON SEPTEMBER 1, IN DIRECT RESPONSE TO GULF'S COMMUNICATION TO THE GOE OF THE PREVIOUS DAY. IT COULD BE THAT THE MINISTER'S ANNOUNCEMENT IS PAVING THE WAY FOR THE GOE TO DEPICT ITS NOTIFICATION AS HAVING BEEN FORMULATED BEFORE GULF'S OFFER TO SELL OUT WAS CONFIDENTIAL

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RECEIVED (SHOULD THAT AUGUST 31 OFFER EVER COME TO PUBLIC LIGHT). END CONFIDENTIAL.
BLOGVFIELD

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